Joseph H. Beale, "The Progress of the Law: The Conflict of Laws," 34 HARV. L. REV. 50, 52. But see 20 COL. L. REV. 87. An intent to retain an abandoned domicil should have no more effect than an intent to create a new one.

CONTRACTS — RESCISSION FOR MUTUAL MISTAKE OF FACT. — The defunct B bank entered into a contract with the S bank whereby the S bank agreed to take over the assets and assume all the liabilities of the B bank, and to hold the stockholders of the B bank harmless; and M, a principal stockholder in the B bank, agreed to buy some of its fixed assets from the S bank. After this agreement between the banks was made, L, an officer of the S bank, entered into a contract with M to buy all of his stock in the B bank. Unknown to all the parties a defalcation had occurred, and the assets of the B bank were really only about 50% of the amount represented by its books. The S bank refused to proceed with its contract, and a new one was executed in which the stockholders of the B bank agreed to an assessment on their stock to make up the deficiency. L brought suit to rescind his contract with M. *Held*, that the relief be granted. *Lindeberg* v. *Murray*, 201 Pac. 759 (Wash.).

For a discussion of the principles involved, see NOTES, *supra*, p. 757.

CORPORATIONS — PROMOTERS — LIABILITY OF PROMOTER TO CORPORATION PROMOTED ON ISSUE OF STOCK FOR OVERVALUED PROPERTY. — In preparation for the organization of the A Corporation, X, the promoter, entered into contracts with the stockholders of B Corporation whereby they agreed to receive for each share of B stock one share of A stock, upon the formation of A Corporation. Unknown to the B stockholders, X obtained an option from Y to purchase, for $50000 of A stock, the secret formulae owned by Y and used in the business of the B Corporation. Later, the A Corporation, with X in complete control through the use of dummy directors, was organized with a capital stock of $500000. X caused $15000 capital stock of A Corporation to be issued to the B stockholders in accordance with the above agreement. X also caused $300000 capital stock of A Corporation to be issued to Y, who held this stock for the benefit of X. X sold this stock to innocent purchasers and kept the proceeds. The A Corporation sues X, alleging the above facts and that the formulae were of no value. *Held*, that a demurrer to the complaint be overruled. *American Barley Co.* v. *McCourtie*, 185 N. W. 506 (Minn.).

With a laudable desire to redress a palpable fraud, judges are too apt blindly to permit a corporation to recover "secret profits" from its promoters, regardless of whether or not the corporation has been damaged. It is submitted that, in situations where corporate creditors are not involved, the cases should be divided into two classes. Where the corporation conveys its assets or executes its obligation in return for overvalued property sold to it by promoters, the corporation (unless it has acted through an independent and informed board of directors) can obtain redress for the wrong done it. *Erlanger* v. *New Sombrero Phosphate Co.*, 3 App. Cas. 1218; *Davis* v. *Las Ovas Co.*, 227 U. S. 80; *South Joplin Land Co.* v. *Case*, 104 Mo. 572, 16 S. W. 390. See 1 MORAWETZ, PRIVATE CORPORATIONS, 2 ed., §§ 291–292. But where, as in the principal case, all that the corporation did was to issue its stock for the promoters' property, the corporation has not been damaged; for a share of stock is not an asset or an obligation of the corporation issuing it — it is merely the holder's fractional interest in the corporation. See R. D. Weston, "Promoters' Liability: Old Dominion *v.* Bigelow," 30 HARV. L. REV. 39. *Cf. Old Dominion Copper Co.* v. *Lewisohn*, 210 U. S. 206. *Contra, Old Dominion Copper Co.* v. *Bigelow*, 203 Mass. 159, 89 N. E. 193; *Pietsch* v. *Milbrath*, 123 Wis. 647, 101 N. W. 388, 102 N. W. 342. See also 22 HARV. L. REV. 48; 58 UNIV. OF PA. L. REV. 226. It has been suggested that the repentant corporation might sue the promoters and recover as trustee for those actually damaged. *Cf.*